

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	
MidAmerican Energy Company	:	
	:	00-0726
Reconciliation of revenues collected under	:	
fuel adjustment charges with actual costs	:	
prudently incurred.	:	

ORDER

By the Commission:

On November 8, 2000, the Illinois Commerce Commission ("Commission") entered an Order commencing reconciliation proceedings in accordance with Section 9-220 of the Public Utilities Act ("Act") (220 ILCS 5/9-220), which directed MidAmerican Energy Company ("Respondent") to present evidence in this docket at a public hearing to show the reconciliation of Respondent's fuel adjustment clause ("FAC") revenues collected with the actual cost of such fuel supplies "prudently purchased" for the 12 months ended December 31, 2000.

Notice of the filing of Respondent's testimony and exhibits was posted in Respondent's business offices and was published in newspapers having general circulation of Respondent's electric service territories, in the manner prescribed by 83 Ill. Adm. Code 255, in compliance with the Commission's order in the proceeding.

Pursuant to notice as required by law and the rules and regulations of the Commission, a prehearing conference was held in this matter on April 12, 2001. Thereafter, an evidentiary hearing was held before a duly authorized Administrative Law Judge of the Commission at its offices in Chicago, Illinois on August 24, 2001. Respondent and Commission Staff appeared.

Respondent presented the testimony of Paul E. Freund, Vice President-Fuel Trading and Transportation; David C. Tubbs, Senior Engineer-Nuclear; and Diane M. Noll, Technical Accountant. Brian Sant of the Financial Analysis Division and William Riley of the Energy Division presented statements on behalf of the Commission Staff. At the conclusion of the hearing on August 24, 2001, the record was marked "Heard and Taken."

No Petitions to Intervene were filed in this proceeding.

Prudence of Purchases

Respondent presented detailed evidence concerning its fossil fuel procurement and coal transportation practices during 2000. Staff did not challenge the prudence of Respondent's purchases and a review of the record indicates that Respondent's fuel procurement procedures, practices and transactions during the reconciliation period were prudent.

Fuel Reconciliation

Respondent presented a reconciliation of the total costs of fossil fuel and purchased power with the total FAC and base fuel cost ("BFC") revenues for the 2000 reconciliation year. This reconciliation is summarized on Schedule 1 attached to the testimony of Ms. Noll. Staff stated that it had reviewed Respondent's filing and responses to extensive data requests concerning the revenues collected and the costs recoverable under the FAC. On the basis of that review, Staff recommended that the Commission accept the following reconciliation of revenues collected under the FAC with actual costs:

FAC Reconciliation Balance At 12/31/99 – (Over)/Under Collected	(\$ 22,989)
Requested Ordered Reconciliation Factor to be collected/(refunded) (Factor Ro) in 2000	(\$ 0)
2000 FAC Recoverable Costs	\$13,010,551
2000 FAC Revenues	\$ 673,616
2000 Base Fuel Cost (BFC) Revenues	<u>\$12,539,071</u>
(Over)/Under Recovery for 2000	(\$ 202,136)
FAC Reconciliation Balance At 12/31/00 –(Over)/Under Collected	(\$ 225,125)
Ra Balance At 12-31-00	(\$ 225,125)
Requested Ordered Reconciliation Factor To be Collected/(Refunded) (Factor Ro)	<u>(\$ 0)</u>

Commission Analysis and Conclusion

The record herein contains a detailed description and review of the Respondent's FAC revenues collected with actual cost of fuel supplies "prudently purchased for the

twelve months ended December 31, 2000". All parties were afforded the opportunity to conduct discovery, cross-examine witnesses, and present evidence with regard to any issue in this proceeding. Staff conducted a thorough review of Respondent's accounts, and analyzed work papers and supporting data relied upon by Respondent. Staff used the appropriate standards adopted by the Commission to review prudence. The Commission concurs with Staff that Respondent's expenditures for the purchase of fuel supplies during the reconciliation period ending December 31, 2001, were reasonable and prudent. Additionally, the determinations made in this Order create no presumptions for future reconciliation proceedings regarding either the reasonableness of Respondent's fuel expenditures in periods after 2000, or the nature and scope thereof.

Findings and Ordering Paragraphs

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) MidAmerican Energy Company, an Iowa corporation, is engaged in the generation, transmission and distribution of electricity and the purchase and distribution of gas to the public in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over Respondent and of the subject matter of this proceeding;
- (3) The statements of fact set forth in the prefatory portion of this Order are supported by the evidence and the record and are hereby adopted as findings of fact;
- (4) the evidence indicates that Respondent acted reasonably and prudently in its purchases of fuel and power during calendar year 2000;
- (5) for calendar year 2000, Respondent has reconciled satisfactorily the cost of fuel and purchased power with the revenues collected under the FAC; Respondent experienced an over-collection in the amount of \$202,136; the addition of the 12/31/99 over-recovery balance of \$22,989 to this amount results in an over-recovery balance at 12/31/00 of \$225,125.

IT IS THEREFORE ORDERED that the reconciliation submitted by MidAmerican Energy Company of the costs actually incurred for the purchase of fuel with the revenues received for such fuel for calendar year 2000, is approved.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 24th day of October, 2001.

Chairman